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STATE FOR D, EAP/FO, AND EAP/ANZ
NSC FOR NATIONAL SECURITY ADVISOR HADLEY AND VICTOR CHA

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SUBJECT: MESSAGE FROM AMBASSADOR SWINDELLS: NZ FOREIGN
SECRETARY PHIL GOFF'S MAY 25-7 VISIT TO WASHINGTON

## SIPDIS

Classified By: Ambassador Charles J. Swindells, for reasons 1.4 (b) and (d)  $\,$ 

- (C/NOFORN) New Zealand's Foreign Minister Phil Goff will have three main objectives for his State Department, NSC, Congressional, and other meetings next week: to assure Washington officials that New Zealand values its relations with the United States, to reinforce New Zealand's interest in cooperating with us within Asia and beyond, and to reiterate New Zealand's interest in a Free Trade Agreement with the United States. Goff's visit provides the perfect opportunity for the Administration to tell him with one voice that we still regard New Zealand's nuclear ban as a negative precedent for the region and a bar to strongest bilateral ties. I recommend you cast this message in the context of a broader one: we need to move away from the quid pro quo, issue-by-issue approach that now characterizes U.S.-New interactions and instead foster a wide-ranging, forward-looking relationship built on shared values and common interests. And we need a signal from the Kiwis that they are interested in starting an all-inclusive dialogue on how we can reach this goal.
- (C/NOFORN) The United States has often reevaluated the limits on our ties with New Zealand since the mid-80s, and we have loosened restrictions when it has made sense to do so (for example, our current look at joint military exercises under the Proliferation Security Initiative). There has been no parallel movement on the New Zealand side to take another look at the nuclear ban, despite the legislation's continued negative affect on bilateral relations, its negative impact on the capabilities of the New Zealand Defence Force, and its clear contribution to New Zealand's declining influence. We of course recognize and appreciate New Zealand's contributions in Afghanistan, the WTO, and elsewhere. Kiwi officials have clearly defined these efforts to the New Zealand public as multilateral initiatives, with only the We'd like that to change. most tentative of nods our way.
- 13. (C/NOFORN) Goff is a pragmatic and amiable interlocutor. While still firmly devoted to the Labour Party, unlike many of his Cabinet colleagues he has moved beyond being a 1960s ideologue. His practical approach to problems has won him no favors with the left-leaning Labour Caucus, and may even have cost him any chance of Party leadership. Goff's sister is married to an American, and Goff has chosen late May for his trip to the United States so that he can participate in his American citizen nephew's graduation from West Point (another American nephew has been serving with U.S. forces in Iraq). He has other American relatives as well. Goff is aware that USG officials believe the New Zealand Government does not place enough weight on its relationship with Washington. I myself have stressed to him that unless all bilateral issues are on the table for discussion, including the nuclear ban, our ties will not be all that they can be. Embassy staff have pointed out repeatedly to MFAT colleagues that the absence of GNZ public acknowledgment of the importance of United States-New Zealand ties is both noticeable and regrettable.
- 14. (C/NOFORN) Goff will therefore want to stress to you New Zealand's desire to continue to cooperate with us in a variety of arenas. Chief among these is the war on terrorism, and Goff will probably highlight in particular New Zealand's continued provision of troops in Afghanistan as well as through initiatives in Southeast Asia and the South Pacific. As proof, Goff will likely tell you about his Government's recent decision to increase military spending by USD 3.3 billion over ten years. Although the investment is not as much as we would ultimately like to see, forces had been cut so much by previous National and Labour Governments that it would be impossible to absorb a larger increase over the shorter term. The Government's decision will at least reverse what has been a decade-long decline in military capabilities, and will make it possible for New Zealand to live up to current peace-keeping and regional military assistance commitments in Afghanistan and elsewhere. It

should also enable us to engage in the future in a broader dialogue about regional security burdensharing, should New Zealand be interested.

- (C/NOFORN) Goff will want to discuss with you broad developments in the Asia Pacific region. I believe The Labour Government feels vulnerable to domestic criticism that it is cozying up to dictators in China and elsewhere in Asia. This may be the reason that we have begun to hear from Goff's staffers that he and other senior MFAT officials have taken on board -- and now share -- our view that New Zealand's economic well-being depends directly on the regional stability that the U.S. military does so much to provide. We have started to see some changes as a result. Minister Goff's speech to a recent Leadership Forum of New Zealand and Australian officials, academic, and private sector representatives was I believe his first acknowledgment to a non-U.S. audience that America's role in the Pacific is critical to maintaining stability in the region. The remarks were made under Chatham House rules and so unfortunately not made public, but they were a positive step. Goff will want to assure you that New Zealand attaches great importance to the U.S. strategic presence in Asia, and he will emphasize that New Zealand's Free Trade Agreement talks with China should not be mistaken for a desire to realign NZ foreign policy towards Beijing. For this reason, you may want to suggest to Goff that China/Taiwan could be one subject in a broader strategic dialogue with the Kiwis. North Korea could be another.
- 16. (C/NOFORN) As a friend at MFAT has noted, the NZ Government is made up of "realists," who do not expect to be able to announce any dramatic new bilateral developments before this year's general elections, probably in mid-September. Goff will likely tell you that although a Labour victory is likely, the Government may be forced to form a coalition with the Greens, whose antipathy to the United States is obvious. Indeed, there is no party in New Zealand -- not even National -- that considers a review of the nuclear ban and closer ties with us a vote-getter. But I believe now is the time for you to lay down the marker with Goff that no matter who wins the election, we have an opportunity to break from the status quo of the last twenty years and create a new partnership based on shared strategic interests. It will take leadership, but the results will benefit New Zealand as well as the United States. After the elections, we hope to see a signal from New Zealand officials that they are willing to take a meaningful step in this direction.

Swindells